



County of Los Angeles CHIEF EXECUTIVE OFFICE

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WILLIAM T FUJIOKA
Chief Executive Officer

June 22, 2011

To: Mayor Michael D. Antonovich
Supervisor Gloria Molina
Supervisor Mark Ridley-Thomas
Supervisor Don Knabe
Supervisor Zev Yaroslavsky

From: William T Fujioka
Chief Executive Officer

A handwritten signature in black ink, appearing to be "W. T. Fujioka", is written over the printed name and title.

Board of Supervisors
GLORIA MOLINA
First District

MARK RIDLEY-THOMAS
Second District

ZEV YAROSLAVSKY
Third District

DON KNABE
Fourth District

MICHAEL D. ANTONOVICH
Fifth District

SACRAMENTO UPDATE

This memorandum contains pursuits of County positions on legislation related to: 1) Social Security coverage for public employees who are not covered by a defined benefit retirement plan; 2) requirement for county auditors to verify property tax increases or extensions proposed by local governments; and 3) requirements for the expenditure of Workforce Investment Act job training funds; updates on three County-sponsored measures related to: 1) job qualifications for the position of a county public defender; 2) the County's Homeowner Notification Program; and 3) consent to routine medical examinations for detained minors; a change in County position related to charter schools; and the status on County-supported legislation regarding CalWORKs eligibility.

Pursuit of County Position on Legislation

AB 1248 (Hueso), which as amended on May 23, 2011, would require a local public employer to provide coverage under the Federal Social Security system to all employees who are not covered under a defined benefit retirement plan.

The Chief Executive Office's (CEO) Benefits, Compensation and Employee Relations Division indicates that prior to 1982, all County employees, except for safety employees, were covered by Social Security. In 1982, the County voluntarily withdrew from the system and currently, there are no County employees covered by Social Security.

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All County employees are covered by a defined benefit retirement plan except for temporary employees. Temporary employees are covered by the County's Pension Savings Plan (PSP). The PSP provides the minimum retirement coverage required by Social Security. AB 1248 would require the County to provide Social Security benefits to these employees. The CEO indicates that this requirement would result in significant cost increases to the County.

The Chief Executive Office opposes AB 1248. Therefore, consistent with existing Board policy to oppose adverse State actions on the County and oppose any abridgment or elimination of the Board of Supervisors' powers and duties unless the change promotes a higher priority of the Board, **the Sacramento advocates will oppose AB 1248.**

AB 1248 is supported by the California Professional Firefighters. There is no registered opposition on file. AB 1248 is scheduled for a hearing in the Senate Public Employment and Retirement Committee on June 27, 2011.

AB 1350 (Lara), which as amended on June 16, 2011, would require county auditors to verify that property tax rate increases or extensions, proposed by a local government to fund pension programs approved by voters prior to July 1, 1978, do not exceed the maximum rate authorized by law.

In 2010, an audit conducted by the State Controller determined that the City of Bell levied an extraordinary property tax rate from 2007 to 2009 to pay the city's pension obligations that exceeded the rate allowed under State law. As a result, property owners in the City of Bell paid approximately \$2.9 million in excessive property taxes. County-supported AB 900 (Chapter 223, Statutes of 2010) required the City of Bell to pay the County of Los Angeles the excessive property taxes collected and authorized the County to refund property tax overpayments to City of Bell property owners.

AB 1350 would protect property owners and prevent local governments from imposing excessive property tax rates of this nature. The bill would require county auditors to verify property tax rate increases and extensions proposed by a local government to fund pension programs approved by voters prior to July 1, 1978. This measure would authorize county auditors to reject the proposed property tax rate increase if it exceeds the maximum rate allowed under law and would require local governments to reimburse the county for actual and responsible costs incurred to administer these provisions.

The Auditor-Controller indicates that cities should be accountable for ensuring that the property tax rates they approve are correct. AB 1350 would allow the Auditor-Controller to reject excessive property tax rates and help ensure that taxpayers are not billed for excessive taxes, which would ultimately be distributed to schools.

The Auditor-Controller and this office support AB 1350. Therefore, consistent with the Board action of August 17, 2010 to support AB 900 of 2010 and existing Board policy to support measures that protect consumers, **the Sacramento advocates will support AB 1350.**

There is currently no registered support or opposition on file for this measure. AB 1350 is scheduled for a hearing in the Senate Governance and Finance Committee on June 22, 2011.

SB 776 (DeSaulnier), as amended on June 15, 2011, would impose requirements related to the expenditure of Workforce Investment Act (WIA) funds on job training programs. Specifically, SB 776 would do the following:

- Establish threshold requirements for the percentage of WIA funds provided to local workforce investment boards to be spent on training programs, support services, and specified bridge services as follows: 1) at least 20 percent beginning Federal program year 2012; 2) at least 30 percent in 2014; and 3) at least 40 percent in 2016;
- Require the Employment Development Department (EDD) to monitor compliance, as specified, and require a local workforce investment board that does not meet these requirements to submit a corrective action plan to EDD;
- Specify that the expenditures that count towards the above requirement shall include services defined as training under Federal law, and supportive services as defined under Federal law, including needs related payments for books and training materials; and
- Require the California Workforce Investment Board to conduct an evaluation of these new requirements in Federal program year 2015.

Existing Federal law, the Workforce Investment Act of 1998, funds employment and training services to help vulnerable individuals find and qualify for meaningful employment, and helps employers find and train the skilled workers they need. The program consists of three WIA formula grants: Adults, Dislocated Workers and Youth.

Currently, seven Workforce Investment Boards (WIBs) serve Los Angeles County, including the County's WIB that serves all unincorporated areas and 58 of the County's 88 cities. The County's WIB received \$29.9 million for Federal Fiscal Year (FFY) 2011, which is down from \$32.6 million in FFY 2010 even though the enacted Federal Fiscal Year 2011 Continuing Resolution increased the mandatory state pass-through amount. In addition, last year, 11,900 adults in the County were provided work experience

programs and career training in high growth sectors, and over 10,000 companies were provided training services and employee layoff aversion assistance.

According to the Department of Community and Senior Services (CSS), SB 776 would have unintentional consequences which would impact the Department and the workforce investment system, which includes 27 WIA contractors. The impact of this bill may result in the closure of some one-stop centers where customers may seek services (i.e. career counseling, job search assistance) and the elimination or reduction of other much-needed employment services. Furthermore, the State mandated requirements for expenditures on Federal funds on direct client services, training and supportive services only to those enrolled in training programs would limit the local WIBs flexibility in providing services to the local population.

The Department of Community and Senior Services recommends that the County pursue an oppose unless amended position on SB 776. CSS indicates that the measure should be amended to include language that allows each local workforce investment area to establish its own training expenditure minimum rates; broaden the definition of training to include case management and pre-training costs; allow for any leveraged grants that augment training to WIA participants to count towards meeting the training expenditure minimum requirements; and adjust all training expenditure minimum requirements proportionally to any reductions in funding.

The Chief Executive Office analysis of SB 776 indicates that the provisions which reduce the percentage of total funding that local WIBs would have complete discretion over, are especially problematic because total available WIA funding has been dropping in recent years, and is expected to drop even more rapidly in future years due to the increased likelihood of Federal budget cuts. For example, between FFY 2009-10 and FFY 2011-12, WIA Adult funding to local WIBs in California fell from \$118.5 million to \$97.7 million – a 17.6 percent reduction. During the same time period, WIA Dislocated Worker funding to local WIBs dropped from \$127.4 million to \$105.4 million – a 17.2 percent reduction. Moreover, the House Appropriations Committee has allocated 11.6 percent less funding for the FFY 2012 Labor/Health and Human Services/Education Appropriations Bill – the appropriations bill, which funds WIA. Not only are local WIBs likely to continue to receive steadily less WIA funding from the Federal government, but SB 776 also would dictate how an increasingly higher percentage of available WIA funds are used at the local level without regard to local needs. Such new State-imposed requirements are completely inconsistent with the intent of Federal law and regulations which is to provide for local flexibility over the use of mandatory pass-through WIA funds in meeting locally determined needs and priorities.

This office opposes SB 776. Because SB 776 is counter to existing Board policy to support proposals to provide greater flexibility over the administration, planning, and use

of WIA funds, and policy to support proposals that provide local elected officials greater control and flexibility over the administration, planning, and implementation of employment and training programs, **the Sacramento advocates will oppose SB 776.**

SB 776 is co-sponsored by the California Labor Federation, AFL-CIO and California Manufacturers and Technology Association, and is supported by the Los Angeles County Workforce Investment Board; City of Los Angeles Workforce Investment Board; California Teachers Association; Service Employees International Union; and Council of California Goodwill Industries (support if amended).

The measure is opposed by the California State Association of Counties; California Workforce Association; City of Azusa; City of Covina; City of Glendora; County of San Bernardino; Riverside County Board of Supervisors; Riverside County Workforce Investment Board; Imperial County Workforce Development Board; Marin County Board of Supervisors; Merced County Workforce Investment Board; Orange County Board of Supervisors; San Diego Workforce Partnership; Santa Cruz County Workforce Investment Board, among others.

SB 776 is scheduled for a hearing in the Assembly Labor and Employment Committee on June 22, 2011.

Status of County-Sponsored Legislation

County-sponsored AB 259 (Smyth), which as amended on May 11, 2011, would expand the job qualifications for applicants to the position of county public defender to include sitting or retired judges, judicial commissioners, magistrates, referees or elected public officials, failed passage in Senate Public Safety Committee by a vote of 2 to 3 on June 21, 2011. The committee granted the measure reconsideration.

County-sponsored SB 62 (Liu), which as amended on June 16, 2011, would enhance the County's existing Homeowner Notification Program to authorize the County to: 1) notify homeowners and renters subject to notices of default or sale; 2) collect a fee for notification upon the recording of a notice of default or sale; and 3) use a portion of the recording fee to provide information, counseling, or assistance to a person who receives the notice, passed the Assembly Judiciary Committee by a vote of 7 to 3 on June 21, 2011. This measure now proceeds to the Assembly Floor.

County-sponsored SB 913 (Pavley), which as amended on April 14, 2011, would authorize a probation officer to consent to routine medical care for detained minors when the parent or legal guardian cannot be located or when they do not respond to requests for consent, passed the Assembly Health Committee by a vote of 18 to 0 on June 21, 2011. This measure now proceeds to the Assembly Public Safety Committee.

Change in County Position on Legislation

AB 360 (Brownley), as amended on June 15, 2011, would state that a charter school is subject to the Ralph M. Brown Act, unless it is operated by an entity governed by the Bagley-Keene Open Meeting Act, in which case the school would be subject to the Bagley-Keene Act and subject to the California Public Records Act.

The amendments of June 15, 2011 remove the problematic provision of concern to the County, related to the Political Reform Act. Specifically the amendments remove a provision stating that the jurisdiction of a non-classroom based charter school that does not have a facility, shall be the county or counties where at least 10 percent of the pupils enrolled in the school reside and if at least 10 percent of the pupils do not reside in a single county, the jurisdiction of the charter school would be the county in which the greatest number of pupils resides. **Therefore, the Sacramento advocates will remove the support unless amended position and take no position on this measure.**

Status of County-Advocacy Legislation

County-supported AB 1182 (Hernandez), which as introduced on February 18, 2011, would exclude the value of a licensed motor vehicle from consideration when determining CalWORKs eligibility, passed the Senate Human Services Committee by a vote of 4 to 3 on June 14, 2011. This measure now proceeds to Senate Appropriations Committee where it is scheduled for a hearing on June 27, 2011.

We will continue to keep you advised.

WTF:RA
MR:IGEA:lm

c: All Department Heads
Legislative Strategist
Local 721
Coalition of County Unions
California Contract Cities Association
Independent Cities Association
League of California Cities
City Managers Associations
Buddy Program Participants